

GLOBALISATION – A FORCE FOR GOOD*

The Rt. Hon. Patricia Hewitt MP

I am delighted to be in Korea. The term "Miracle on the Han River" is an eloquent expression of Korea's huge economic achievements of the last 40 years. I, along with many others in the UK and in Europe, have watched with admiration as Korea has surmounted the 1997 crisis. The United Kingdom, as the host of ASEM II in London in 1998, was at the forefront of European efforts to help our Asian partners during their hour of need. President Kim Dae-jung's visit to the UK last month reaffirmed the deep friendship between Korea and the UK

The 1997 crisis and our response demonstrated that we now live in a global economy.

Recent months - economic downturn and the atrocities of 11 September – have further underlined the depth of our global interdependence.

Our response must be to strengthen the links between our nations. To build the global architecture to support a secure, prosperous world.

There is a Korean proverb - 'A monk cannot shave his own head'. We live in an increasingly interdependent world.

Korea and UK both depend on and prosper from being amongst the most integrated into the global economy. This goes beyond trade and investment, and increasingly into partnership, between firms, but also involving research organisations and academia and government. Last September's UK/Korea High-Tech Forum was an outstanding example of that kind of partnership.

Today thousands of young Koreans study in the UK. Sharing with us their culture, their perspectives and learning with ours. I would like to see more - the UK offers excellence in education, and is the home of the world's main business language, English. Growing numbers of young Britons also visit and study in Asia, seeing ancient and proud cultures, but also modern, dynamic societies.

I am delighted that the England football team plan to train in Korea before the World Cup, even though they will be playing their matches in Japan.

All of this helps build our nation's understanding of yours.

We are also major trading partners. Our businesses depend on each other.

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But global trade is far more than simply a flow of money or products. It is a force for social, scientific and democratic progress as well as industrial innovation and wealth creation.

That is what trade should be. It can and must benefit everyone.

The question is not whether we should be for or against globalisation, but - in the words of Kofi Annan - "how to ensure that globalisation becomes a positive force for all the worlds people, instead of leaving billions of them behind in squalor."

That is why the launch of a new World Trade round at Doha in November was so important. 142 countries agreed the Doha Development Agenda, which combines the launch of a broad new Round of trade negotiations with a package of measures focused specifically on the needs of developing countries.

By stimulating economic growth, a development-focused trade Round offers the best opportunity to people in developing countries to escape from poverty. And with the downturn in the world economy this historic deal gives a badly needed boost to economic confidence.

But this is just the beginning of the process. Now we must continue working together to deliver real results.

A new Round opens the prospect of increased trade, in agriculture, other goods and services. Trade which is the most secure path to economic progress for developing, as well as developed, countries.

Asia's economies, be they "tigers" or "dragons", show that an open world trading system helps countries to grow and develop. Korea itself is the best proof that 50 years of trade and investment liberalisation has helped development.

Forty years ago, Korea's per capita GDP was equivalent to Sudan's. Today Korea is the world's 13th largest economy, at the heart of a dynamic region accounting for 20% of world GDP.

Trade and the economic growth it supports helps mature economies in Europe too. As Asian societies have become more affluent, so new markets have opened up for UK and European exporters. This is an important reminder that trade mutually reinforces our economies.

The Asia-Pacific region accounts for 16% of UK exports. The UK is Korea's second largest trading partner in the EU, and the largest market for Korean goods in the EU. Korea is the UK's 26th largest export market. I very much want this trade to continue expanding.

A new Trade Round, by removing service and tariff barriers in 142 WTO members can give a significant boost to this trade. Opening opportunity. Bringing prosperity. Encouraging investment.

I want to see an increase in the already important two-way flow of investment between our countries.

Investment is good for an economy, whether emerging or mature. China is perhaps the best-known example of the benefits of foreign investment in Asia, but by no means the only one. Investors from Europe have brought capital, but even more importantly, technology, management know-how and jobs to Asia. But Korea is also an increasingly important investor in the UK. That investment too brings technology and knowledge from some of Korea's best firms. I was pleased that Korea last month opened a hi-tech incubator centre, known as the iPark in the UK. I look forward to more collaborative research between our two countries

The United Kingdom provided know-how to Korea as far back as the 1960s to help develop Korea's car and shipbuilding industries. One of President Kim Dae-jung's major achievements has been to accelerate the flow of investment into Korea. I am proud that the UK was one of the first countries to respond to his call for more by sending an investment mission to Korea after the ASEM II summit in London in 1998. UK companies have been among the lead investors in Korea - Tesco, Allied Domecq, BP, Prudential but also smaller companies such as Tullis Russell.

I know that President Kim renewed his call for more foreign direct investment when he visited the UK last month. The reforms he is pushing forward here will certainly encourage it.

I have been struck by the depth of President Kim's commitment to human rights, a market economy, welfare reform, and reconciliation on the Korean peninsula. It is increasingly clear that prospects for growth and prosperity are hugely enhanced if basic human rights and good governance in all areas of society are respected. And it is these values which provide the economic and social stability which investors seek.

We all want to facilitate foreign investment in our economies. But there is always room for improvement, not least because competition to attract investment is increasing all the time. Labour costs are rarely the decisive factor in persuading a company to locate in a particular country. What investors really look for is a friendly regulatory environment, good governance and an assurance that their firms will be treated the same way as domestic firms.

Korea and other Asian countries have shown that they treat these issues seriously. But barriers to investment remain.

Again, a new Trade Round has an important role to play. From 2003 negotiations are expected to widen to investment and competition rules.

I hope that we will be able to work together in the WTO to remove barriers in these areas.

But some of these restrictions could also be solved bilaterally. Sectors such as broadcasting, financial services, business information services and law remain closed or restricted to foreign competition and investment. This benefits nobody.

For example, foreign law firms cannot practice even foreign law in Korea, which is a concern for the UK. By bringing in their experience of international advisory work on issues such as corporate finance, and mergers and acquisitions, foreign law firms would contribute to the development and growth not only of the legal sector, but of Korea's capital markets too. They would be a vital support to Korean firms doing business abroad, bringing not only legal expertise, but also a deeper cultural understanding. Korea's lawyers have nothing to fear - indeed they will benefit too.

Removing barriers to entry is as much a challenge for mature economies like the UK. I know there is still room for improvement in promoting true competition within the European single market.

As a constructive member of the European Union, the United Kingdom continues to take a leading role in pressing for greater liberalisation and deeper economic reform. In particular we are pushing to open up markets in energy and financial services, encouraging innovation, and ensuring flexible labour markets.

Whilst not perfect, I think the UK offers an encouraging example of the benefits of foreign direct investment, to both the investor and the host country, and how the right environment can help attract foreign investors. Some of the Korean business people in this room today, know this very well. The UK has attracted around 40% of total Korean investment into the European Union. This is precisely because we treat foreign companies the same as domestic ones and we value the technology and innovation brought into the economy, and the jobs created.

Flexible labour markets, the right regulatory environment, the most competitive telecommunications and utilities markets in Europe, and a favourable tax environment have attracted not only household names such as Samsung and LG, but also smaller companies. Accessing knowledge and technology-excellence is increasingly the driver in attracting such investment.

The UK attracts the lion's share of external hi tech, R&D-based investment into the EU. Many foreign companies are now carrying out research development and design work in the UK. They do this because they have realised that their future prosperity and competitiveness depends on new ideas and solutions, and the UK is a huge source of innovation.

We have more Nobel Science Prize winners than any other country after the USA. That's a good track record to build on. And we are building on it through the United Kingdom government's investment in education and infrastructure. This aims to continue attracting the kind of hi-tech, research and development-based investment, which is the key to future prosperity.

Korea is already an important partner in science and technology collaboration for the United Kingdom, and I am keen that this partnership expands and deepens. Just 6 Korean companies carry out R&D in the UK as against 160 Japanese companies. You need to consider whether or not you are letting your Japanese competitors gain a long-term advantage. If you are interested in forming an R&D relationship with an overseas partner, the UK is the place to do business.

In mentioning investment in Britain, you would, I know, want to hear some statement of our intentions on the European Single Currency. Now that notes and coins have been issued, we are in a new phase. British people will quickly become accustomed to handling the currency.

British membership of a successful single currency offers us potential benefits in terms of trade, transparency, costs and currency stability, which is why we support it in principle.

But in practice the economic conditions must be right, which is why the Government is committed to a rigorous and comprehensive assessment of the five economic tests, which include the impact of membership on investment and jobs.

Whatever the outcome, there will be no effect on investors in the UK having access to a European single market of 374 million consumers, larger than the US or Japan. And the City of London remains the premier financial centre of Europe, offering investors the full range of euro-denominated financial products. More dollars, euros and yen are traded in London than in their home financial centres. We should not be complacent, but with its huge pool of liquidity, its expertise and its cultural environment, London is well placed to thrive.

In the global economy we all face many challenges.

Competition to attract foreign direct investment will become more intense. And of course current economic conditions are challenging. For the first time for three decades economic growth in each region of the world has slowed at one and the same time and more sharply than before.

No one country can insulate its economy from such a synchronised slowdown. No country can afford to turn its back on the competition for global investment.

These are challenges for us all – for business and for Governments across the world. It is a challenge we must rise to.

I don't have all the answers. But I do believe that the solution – for Britain and Korea - lies in moving forward confidently, together in partnership. To draw on our inherent strengths, press ahead with economic reform, continue to open up markets and continue to invest for the future.

This is a lesson, which the 1997 Asian crisis drove home. Flexible dynamic economies are better placed to withstand difficulties. They have shallower recessions and they recover from them faster.

The best defences against financial turmoil are well supervised and regulated capital markets, sound corporate governance, accurate and timely information, and transparency.

Along with other countries in Asia affected by the crisis, Korea deserves much praise for the tough and often painful decisions it has taken to reform its economy. President Kim Dae-jung has shown great vision in pressing on with restructuring the key sectors of Korea's economy. The results speak for themselves - a rapid recovery in 1999 and robust growth in 2000. And Korea weathered a difficult year in 2001, as the global economy slowed, better than many in Asia.

I know that challenges remain for Korea, and that recent events have revived concerns about Korea's stability.

I can only repeat the advice of another Korean proverb: 'keep cool, even when a tiger carries you off'. Restructuring an economy is a long, hard, painful task - the United Kingdom knows this only too well. But the long-term benefits outweigh the short-term pain.

And in a global economy you do not stand alone. Just as businesses need increasingly to collaborate, so Governments must work together.

The United Kingdom is committed to offering Korea all the support we can to meet the challenges of reform successfully. As in 1997, we will stand by your side. That is a commitment I have given during this visit, and the UK will continue to look for opportunities for partnership with Korea in the global economy.

This is an exciting time to be making my first visit to Korea. The challenges facing Korea, the United Kingdom, Asia and Europe are considerable. But the opportunities too are abundant. Let us work together for the common prosperity of our two countries.

Rt. Hon. Patricia Hewitt—Questions & Answers

Q1: I'd like to ask some questions about trade and financial issues. Before the financial crisis of 1997, South Korea had strong ties with the London market, especially in terms of convertible bonds, the Korea Euro Fund and the Korea Asia Fund. Now, the Korea Asia Fund is no more and the Korean security industry has dwindled. Is there any possibility of creating financial channels between the London Stock Exchange and Korean companies and security companies stronger, together with U.S. security firms, to finance convertible bonds, bonds with warrants or European deposits that will be received in the future?

A1: Now, I am absolutely not an expert on the design of convertible bonds or derivatives or any of these other mysteries of the financial world. But what I would say is that the City of London and the financial institutions there are really more expert and sophisticated than any other market in the world in devising the range of financial products that will meet the different needs of companies in a global economy. So in principle, I see no reason at all why the needs of Korean investors and companies that you were referring to should not be met in the City of London. The Lord Mayor of the City of London will be visiting Seoul in April, and I hope very much that you will have the opportunity to discuss that issue with him.

Q2: Margaret Thatcher as a female leader, she's very respected around the world. Listening to your speech this morning, I think you could be the second Margaret Thatcher. That's my opinion. Are you not interested in running for prime minister in the future? That's my first question.

Twenty-five years ago the French ambassador to Korea said that Korean government officials like American things. He was very critical. They liked everything American. That was probably because U.S. companies granted a lot of scholarships to them. For example, at Harvard University there are 500 Korean students. Compared to that, less than 50 at Oxford. Most of the attendees this morning studied at the U.S. In the long term, I hope that many people in the room will be able to have studied in the U.K., not in the U.S. That is my comment.

A2: We have many excellent women politicians in the United Kingdom, particularly within the governing party I should say. Since the election of June 2001 we now have seven women in the British cabinet out of a total membership of 22. We have been making real strides there toward a greater equality of opportunity.

I would also like to make a general comment. We take the view that in a world where knowledge, skill and talent is increasingly the stuff of economic and social success, it is important that companies as well as governments should draw upon the whole of the human talent pool and not only half of it. Increasingly, I think, we will see companies seeking to recruit and to promote women. I certainly know from the discussions I had with women business and political leaders here in Korea that the level of education amongst Korean women is quite outstanding, and I look forward to meeting many more Korean women leaders in the future.

Now, on the issue of encouraging Korean students to come to Britain to study, I should perhaps say that I am by birth an Australian. I was born and grew up in the British Commonwealth. I came to the United Kingdom as a

student to study at Cambridge University. I then stayed. Now, I think it was a pity that there was a period in which the United Kingdom was perhaps less welcoming to foreign students. That has changed. Prime Minister Tony Blair three years ago made a personal initiative to increase the number of students from Korea and right across the world coming to benefit from our world-class universities. In particular, we've increased the number of scholarships for outstanding young leaders, and we recruit, of course, some of those from here, in Korea.

I think over the next year or two we will see more British universities actively seeking to recruit students in Korea and supporting them in their studies in the United Kingdom. Not just in the old universities, in the well-known ones of Oxford and Cambridge, but in institutions as diverse as, for instance, the Cardiff University School of Journalism. I've met one or two Korean journalists who did indeed pursue their studies there to very, very good effect. It is an outstanding school of journalism. Others, of course, at the London School of Economics, which now must be one of the most international universities in the world. I hope we'll encourage many more of your next generation to look to the United Kingdom and not only to the USA for their education.

Q3: I have two questions for you. The first one, may you please elaborate more on the right economic conditions in adopting the euro and whether Britain can stay out of the use of the euro when the rest of Europe does. My second question is how soon do you expect U.K. manufacturing to recover from a 10-month recession?

A3: First of all, the issue of the five economic tests. In essence, the question is whether the United Kingdom will benefit from being part of the same monetary policy framework as the Eurozone. So the five tests are whether we have achieved a sufficient degree of economic convergence with the countries of the Eurozone, whether there's enough flexibility within our own economy to cope with a single interest rate and what the impact of joining the single currency will be on investment, on the City of London and upon jobs. Those are the tests which our treasury (finance ministry) will be assessing between now and June 2002. On the basis of the assessment of those five tests, we will then make the decision whether or not to recommend membership of the single currency. If we decide in government that it is in Britain's interest economically to join, then we will put that to a vote in parliament and then to a referendum of the British people.

As far as manufacturing goes, there's no doubt at all that many of our manufacturing firms—not all, but many—have been facing enormously difficult conditions. Partly as a consequence of the very weak valuation of the euro which has made it difficult for Eurozone exporters. But primarily because of long-term factors: international competition, the impact of technological change, and so on. What we're seeking to do in government is work more effectively in partnership with the manufacturing industry in order to help more firms improve their productivity and competitiveness. For some years now, for instance, we've been working with motor manufacturers and with the component suppliers to motor manufacturers to sharply improve their productivity, with the result that we now have some of the world's most productive car plants. Honda, if I'm allowed to mention them here, recently

opened a new motor car manufacturing plant in the United Kingdom with the president of Honda saying that the United Kingdom was undoubtedly the best place in Europe in which to manufacture.

Similarly, we've had Boeing from America recently enter into a partnership with one of our universities for leading edge research and development in metals technology, saying that they want to be the best of the world in their business so they need to be in the United Kingdom in order to access some of the best science in the world. It's that constant search for higher value-added manufacturing, based on outstanding excellence in technology and science, that will be the way to recovery for that part of our manufacturing industry that's been suffering very, very difficult trading conditions.

Q4: I'd like to ask a question about your comment on the difference in climate between Doha and the last WTO round in Seattle. How much of the difference would you attribute to the changes in the awareness of the developing countries themselves, and how much would you attribute to the advanced preparations leading to the Doha meeting?

A4: I think it was due to a number of factors. But first was undoubtedly the quality and extensiveness of the preparatory work that was done. It was way ahead of what had been done before Seattle. I think some of the lessons from Seattle had undoubtedly been learned, so that helped considerably. Secondly, I would agree with you about changes within the developing countries themselves. I think the commitment, if I may say so, led, really, by the United Kingdom government, to invest in capacity building has had a real impact. Of course, for governments in some of the poorest countries in the world you have perhaps one, two or three officials dealing with this enormously wide and complex agenda of international trade negotiations. It's difficult for those trade officials and ministers to keep up and to make a contribution on behalf of their country. The fact that we've been investing, really quite significantly, money and time in building the capacity of governments and officials in developing countries has certainly helped.

But I would also single out the quality of leadership within the developing countries. We saw, for instance, Alec Erwin, the minister for trade in South Africa, who brought together many of the governments of the African nations. They concerted their agenda for the Doha round. They then worked very closely with the countries of Latin America and the Africa, Caribbean, Pacific (ACP) Group of nations, so that by the time they got to Doha they were very clear about what they wanted, what their negotiating priorities were, what their bottom line was. That meant that there was much more of a negotiation of equals and not the sense that there undoubtedly was in Seattle that the rich countries of the world were seeking to impose their will on governments that simply couldn't stand up to them.

I think the third point was the changes in attitude amongst the developed countries as well, partly represented in that investment in capacity building, but also in a much greater sensitivity around issues of labour standards, which of course was one of the flash points in Seattle. Not that people in the developed countries have given up their concerns about labour standard issues, environmental factors and so on, but there is a greater understanding of how those issues are seen in the developing countries

themselves, which meant that it was more possible at the end of the day, to get a compromise in the Doha Declaration itself.

I think we saw the World Trade Organization grow up at Doha, and we now have a much more mature organization that is beginning to become a useful institution within the global economy. We now have to fulfill that promise in the negotiations because a lot of expectations have been raised and they have to be delivered on.

I think the other thing—I know this is a rather long answer—I would mention is that a lot of work had been done on the issue of medicines, access to medicines in developing countries and copyright protection. The fact that we did get an agreement on that very early on in Doha again helped build confidence and trust and made it possible to move on to the other issues.

Q5: Some people claim, and I certainly tend to agree with them to some extent, that in some way the Sept. 11 atrocity played a positive role in this Doha agreement. As you said, the Seattle fiasco was a good lesson from which to learn for the global community. Therefore preparation was well done. But on cultural issues, dumping issues and many other implementation issues, many were unsettled when the meeting in Seattle was adjourned. But Sept. 11 brought to the global community a sense of crisis. At the same time, the United States had to get more cooperation among not only industrialized countries but among developing countries as well. Therefore they were more willing to compromise on issues such as anti-trust, anti-dumping issues and so forth. In your view, how much did that play a role?

A5: I would agree with you. I think there was a real sense that we needed an agreement. Certainly for America Robert Zoellick, the trade negotiator, had said several weeks earlier that the political and diplomatic, and indeed military, coalition against terrorism that was built in the wake of Sept. 11, had to be underpinned by an economic coalition, in other words a commitment to trade negotiations, that would help to bring prosperity to some of the poorest countries in the world who had taken the step of joining that coalition against terrorism. So I think it was, perhaps, particularly important in terms of American attitudes, given that before Sept. 11, many of us were worried about the possibility of an American retreat from global engagement. Sept. 11 certainly changed that, and we saw America absolutely re-engaging with the world community and recognizing its own interdependence on the rest of the world.

Q6: I would like to ask you two questions. The first question is about your book which was published in 1993. That book was about time. It focused on changes in work and in feminine life. If you publish a second edition, what would you focus on? My second question is, I heard that you were also minister for gender equality. What's your role in that position?

A6: I don't know whether you went to Cardiff University, but I must compliment you on your journalistic research. That book was a study of how the organization of work in time has been changing in the British and other European economies from a situation where, for instance in our post-World War II world, most people—which really meant most men—worked fulltime for about forty years, from when they left school until they retired. You had a model of full, life time work for men.

Increasingly in the United Kingdom and similar economies, we have a very different picture. Nearly half of the British work force are women. Half of those women work part-time for at least part of their lives. A growing proportion of men—sometimes willingly, sometimes not—also work part-time. Working hours are becoming more and more varied. We don't have in the United Kingdom a legally fixed working week in the way there is in Korea or some other parts of the European Union. So we have more and more people working sometimes a five-day week, sometimes a five-day week that includes a Saturday or a Sunday, and then their "weekend" is taken during the week. This is a very different pattern. Of course, as more and more women come into employment, that changes the situation at home and makes it much more difficult for parents to organize the care of both young children and elderly relatives.

One of the big challenges for government, and for me as minister for women, is to find ways in which we can support families in balancing earning a living with caring for their children and other family members; not telling people how to lead their lives, but helping them make choices in their lives. So increasingly we're investing in child care facilities. We're seeking to promote a much greater use of part-time work, where that is what the individual wants, and we're very significantly improving the provisions that we've already made for maternity leave. That will soon increase to one year from when the child is born. We will also be introducing this year for the first time two weeks paid leave for fathers when the child is born to signal the importance of the fathers' involvement in the care of children. We also give parents of young children the right to some un-paid time off from work to help look after children or to help deal with emergencies within the family. Where you have the man earning the living and the woman staying home looking after the children, then that is one way of balancing work and family. But where you have the woman also at work, then you have to find other ways of balancing work and family. So my top priority as minister for women is to make it easier for British families to achieve that balance.

Q6: From a woman's prospective, there are many aspects of globalization that concern women specifically, especially concerning welfare and things like that. It is not always favourable to women. As a person in charge of female matters in the U.K., what would you see as a method to minimize these disadvantageous effects of globalization on women?

A6: Obviously the impact of globalization does, undoubtedly, vary between women and men, just as it varies between country and country. What I think has been most striking in the United Kingdom has been the combination of massive industrial restructuring—which to a very significant extent, as I was saying earlier, is the consequence of globalization and of technological change—with this revolution, really, in women's lives as women have moved into employment and thereby changed what happens within families. I think the most important thing we can do as a government to enable women to fulfil their aspirations is to pursue the kind of policies that I have just been describing so that women can continue to meet their family responsibilities in the way they want to without having to sacrifice the benefits of their education and the opportunities of employment and a career.

I think that the more we can enable women to combine work and family—the more we meet their aspirations, the more we make globalization work well for them—the more, also, we help our businesses and our economy because they gain access to the full range of well educated and skilled people. Of course those people, those women, in Britain and also in Korea, are the majority of consumers and the people making decisions about household consumption. So women have a rather important role to play in modern economies and their voice needs to be heard.

Q7: Regarding work hours, since we are having very intense debate in this society regarding legal working hours. You said the U.K. doesn't have any laws concerning working hours. Now, for the sake of the audience here, could you tell us the difference between the U.K. and particularly Germany, which has very strict regulations? What is your assessment of this? Our National Assembly is currently debating the issue—and in fact Mr. Kim, a member of the Assembly is here today—and we would be very interested to hear your thoughts on the matter.

A7: This is a subject close to my heart. If I go back a couple of years, you could see Britain and Germany as really being at opposite ends of a spectrum about how you deal with this issue of working hours. Germany was very heavily regulated with very strict laws, depending on exactly which sector, about how long you could work. Shops, for instance, had to close in the evening, had to close at lunchtime on Saturday, couldn't open on Sunday, and so on. Most people in Germany worked very, very similar hours, roughly speaking 9:00 a.m. to 5:00 p.m., Monday to Friday. That was the norm. Britain, at the other end of the spectrum, had very, very few restrictions on when shops could open or factories could operate or people could work.

What I believe is happening is a certain amount of movement toward the middle; a certain amount of movement toward each other. Germany is becoming more flexible in its working hours. Nothing like as flexible as Britain, but more flexible. They're doing it partly through some legal changes, some small changes from the British point of view in, for instance, when shops can open, but also through collective bargaining. In France, they've been doing it through the introduction of a so-called 35-hour week, but it's actually calculated across the year on the basis of annual working hours, so within that considerable flexibility exists at the level of the plant or factory.

In Britain, we have introduced, because of a European directive, a new law on working time which just sets some outer limits on when people can work. We've introduced for the first time the right to four weeks paid holiday. It never used to exist as a legal right in the United Kingdom. So we've introduced that. And we've put some limits on the length of shifts that people can work and insisted on a minimum number of hours in between the shifts because we did have a minority of workers who were being required by their employers to work very long shifts with very short breaks in between. That is very damaging to people's health and safety and can, of course, lead to accidents at work that may damage other people as well. So we've put some sensible limits on working hours there.

But really within the United Kingdom our companies still have considerable leeway in deciding with their employees how they're going to organize; the shop, the factory, the hospital, wherever it is, and in some

cases—I take the example for instance of some of our major hospitals—they offer almost complete working time flexibility. They will say to a nurse, “How many hours would you like to work and when would you like to work?” And in a large organization you will generally find enough people who want to work when things are really busy—on a Friday night, Saturday and Sunday in a hospital—and then enough people who want to work other times of the week, and you balance the different needs of your different workers. In a small organization you can, of course, do it much more informally.

There is very considerable flexibility there, and for many years now we have had the opening of most shops, the legal entitlement of most shops, to open on a Sunday as well as a Saturday. We have had an increasing number of shops that are opening in the evenings as well.

So, it’s an interesting area, but again in part driven by the shift to a service economy and the changes in women’s lives when more and more people do want to be able to shop or to enjoy leisure services at different hours of the evening or even sometimes in the night, as well as at weekends. Companies are responding to changes in this consumer demand as well as to the desires of their workforce for shorter working hours and for working hours which are more suited to their individual lives.

Q8: There are many Koreans who believe that Korea should emerge as a new business center in this part of the world. The idea is to make Korea a large Singapore or a large Hong Kong. London is certainly a business center. Now that your close relation with Hong Kong is over, you might want to establish that relation with us. So that is one suggestion.

My next suggestion has to do with the fact that London is one of the major financial centers in the world. There are also a growing number of Koreans nowadays who believe that Seoul can become a good financial center. So when the Lord Mayor of London comes to Seoul this April, you might want to prime him a little on this idea so that when he arrives he is better prepared to discuss this.

For Korea to become a leading business center, it has to produce good people, educate people better, and bring in more talent. In this regard, one thing we could think about is not only sending more Korean students to the U.K. but bring U.K. institutions—your own alma mater—to Seoul to do business.

A8: About Korea becoming a premier business center in Asia, I wouldn’t say that we have turned our back on Hong Kong. The relationship is now different from what it was. But that doesn’t mean that it has to be an exclusive relationship and I hope I indicated today the enormous importance we attach to our friendship and our partnership with Korea. I think that the proximity of Korea to China and the historic links are an enormous asset to Korea in strengthening its position, and certainly an enormous attraction to British and other companies in seeking partners, not only for the Korean market, but partners with whom to enter the enormous and very quickly growing Chinese market.

On the issue of financial services and Korea’s ambition to become a leading financial center, there are issues concerning the quality of financial services regulation. We in the United Kingdom have recently modernized our own system of financial services regulation. We’ve created a new financial

services authority. We've made an enormous step forward in modernizing financial services regulation. There is more that Korea needs to do in ensuring that financial service institutions from around the world can operate here in the confidence that they will have a transparent and predictable regulatory environment. That issue, about the quality of regulation, is crucial to all of us. We are certainly not complacent about it in the United Kingdom. It really is the single most important factor in maintaining or achieving world class status as a financial services center.

Certainly I know there is frustration amongst some U.K. financial services institutions, for instance, about the ability of fund managers to operate within the Korean market. I know that this is an issue that the Lord Mayor of the City of London will most certainly discuss with businesses and, no doubt, regulators and ministers when he arrives.

Q9: In the context of globalization, perhaps the biggest single dynamic that the world faces over the next several decades is going to reflect China's recent entry into the WTO; the emergence of China, as long as they keep their balance, as a major economic force in the world, in a way that has never previously existed in history. Korea sits challengingly close geographically to the China that is going to emerge. Britain has a long history of sitting challengingly close to a large continental Europe, admittedly one which has been a fragmented economy historically, but over the past many decades one which has become, largely, a single economy. What advice can you give to Korea as it faces its large neighbour from Britain's experience, and perhaps any other perspectives, that you can provide?

A9: I do think that the dynamics not only of the World Trade Organization but really of the global economy, are going to be transformed by China's accession. I had a most interesting meeting with the Chinese trade minister during our negotiations in Doha when he was talking not just about the domestic impact on the Chinese economy and Chinese society of WTO accession and the prospect of spreading prosperity beyond their eastern borders into their western provinces, but he was also talking most interestingly about China's ambition to act within the WTO as a bridge between the developing and the developed world. China's capacity for leadership, which we saw during the Asian financial crisis, will be really given an opportunity to flourish now that they are full members of the WTO. I think Korea has an enormously important role to play, politically as well as economically, because of its historic links and its understanding of Chinese culture and the Chinese economy. But this is my first visit to Korea. I wouldn't dream of giving Korean business people or ministers advice on how they should develop their political and economic relationship with China.

I do think it's rather different from the United Kingdom's relationship with the continental European economies, of course because we are operating within a European union that has its own governance framework where all the 15 governments of the European Union come together, in a sense sharing sovereignty in order to arrive at decisions around a framework of rules for the operation of the European economy as a whole. That, of course, is a very different situation from what you have here.

Q10: You mentioned that the Korean market is not completely open to broadcasting and news services. I think that you had some company in mind? As far as I know, Reuters had a contract with Yonhap, but several years ago the two sides could not strike a contract because, as I was told, Reuters required a very high price for its services. So local media these days cannot receive Reuters' news services. Did you have any particular company in mind when you noted how the Korean market is not open to foreign broadcasting firms?

And secondly, as you know, the euro was launched last week and the media reports that the initial assessment of the euro seems to be successful. What is your initial assessment of the launch of the euro and what is the position of the British government? Is it for or against the new currency and the unification of the European continent?

A10: I had two examples in mind. One was, indeed, the example of Reuters. We were very pleased by the decision recently by the Korean government to create a level playing field on the issue of VAT, or the charging of tax, on news services, which previously had been biased against Reuters. But there are still other issues and other barriers here. To take a relatively small example, but nonetheless important, Reuters as a foreign news service is not allowed to join, as I understand it, the press clubs that are attached to the ministries of the Korean government. That is not a situation that would exist within the United Kingdom. Clearly it is not one that Reuters is happy about and nor am I as a British government minister.

But I also had in mind the BBC and the fact that Korean cable companies operate with a restriction, a 10% restriction, on the foreign content that they can take. That makes it very difficult for cable companies to decide which of the foreign news or information providers they're going to select to meet that 10% quota. It does mean that only a really quite small, though growing, minority of Korean cable companies actually offer the excellent services of BBC world television. Certainly as a British consumer of cable television, I would like to have not only the full range of BBC television services, but also CNN and a whole range of other providers as well. I'm sure many other Korean consumers would want to enjoy a broad range of both Korean and foreign suppliers.

As far as the euro goes, let me stress again, as the prime minister said a couple of days ago, that we want the euro to be a success. We played an enormously important part in the original introduction of the euro. We believe that it has already brought considerable benefits to the European Union and specifically to the countries of the Eurozone. As I indicated in my speech, we are committed, in principle, to British membership of a successful single currency, but we also need to be sure, in practice, that our five economic tests are met and that membership of the currency would be good, long-term, for the British economy and the British people.